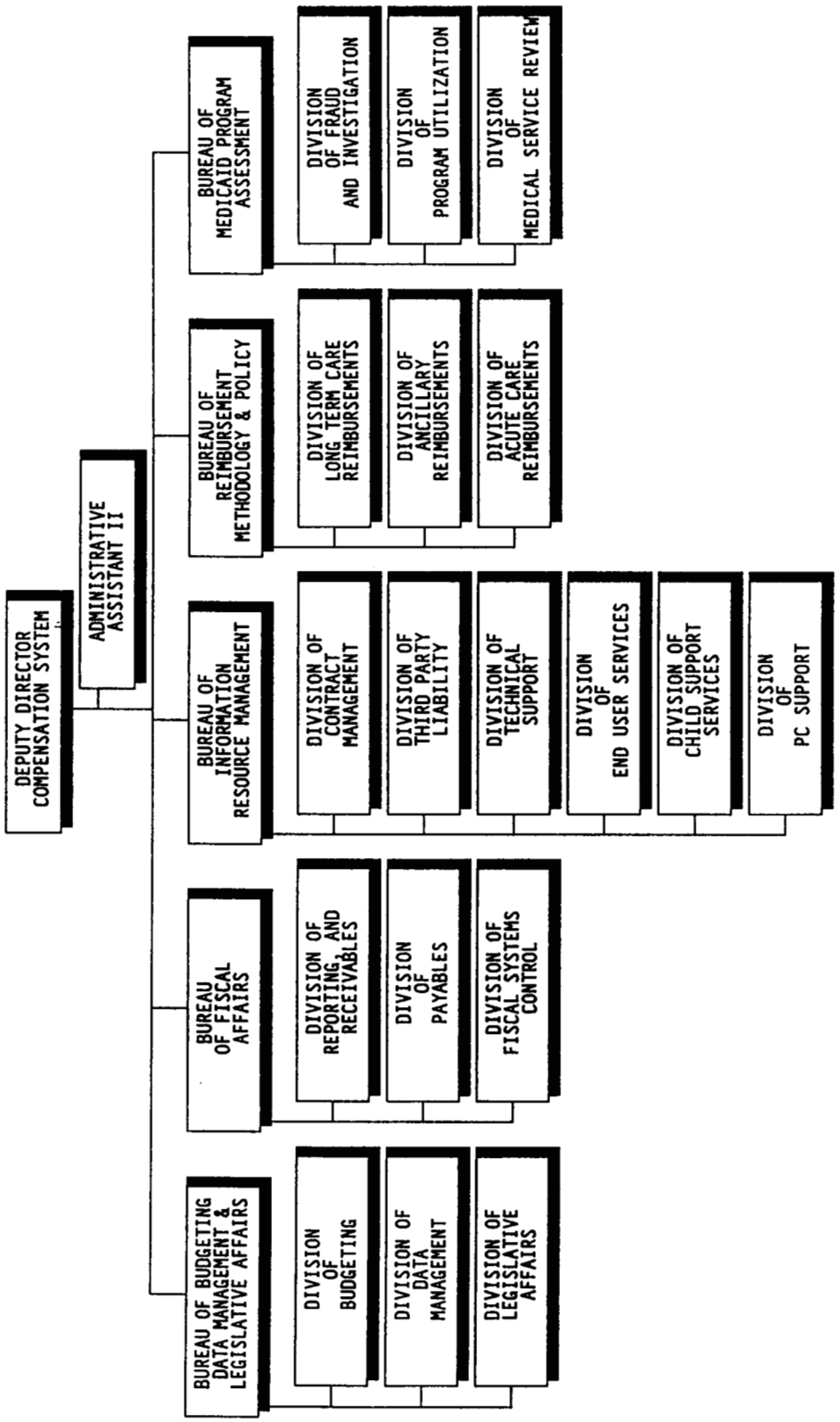
OFFICE OF FISCAL MANAGEMENT



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BUREAU OF REIMBURSEMENT METHODOLOGY AND POLICY

The Bureau of Reimbursement Methodology and Policy monitors the reimbursement activities of all Medicaid, Social Service Block Grant, and Child Care and Development Block Grant service providers. These service providers include Nursing Facilities, Intermediate Care Facilities for the Mentally Retarded, Inpatient Hospitals, Psychiatric Residential Treatment Facilities, Rural Health Clinics, Federally Qualified Health Centers, Home Health providers, numerous Social Service Block Grant and Child Care and Development Block Grant providers, and other numerous ancillary Medicaid providers. Additionally, the Bureau provides leadership in the administration of the South Carolina Medicaid Disproportionate Share Payment Program.

The Bureau of Reimbursement Methodology and Policy provides leadership and direction to its three Divisions which are engaged in the management of the various rate setting methodologies.

Division of Long Term Care Reimbursements: The Division of Long Term Care Reimbursements monitors the reimbursement activities of the Medicaid service providers which include Nursing Facilities, Long Term Care Institutions for Mental Diseases, and Intermediate Care Facilities for the Mentally Retarded. This Division is responsible for rate setting and maintaining the reimbursement methodologies of its service providers in accordance with the provisions of the State Plan, Title XIX of the Social Security Act as amended and policies and interpretations as contained in related state and federal regulations. This includes initial settlements, rate revisions, ensuring final audit activity is processed properly, and accumulation of information for evaluation and planning.

Division of Acute Care Reimbursements: The Division of Acute Care Reimbursements monitors the reimbursement activities of the Medicaid service providers which include Inpatient Hospitals and Psychiatric Residential Treatment Facilities. Additionally, this Division administers the inpatient hospital disproportionate share plan for qualifying hospitals participating in the South Carolina Medicaid Program. This Division is responsible for rate setting and maintaining the reimbursement methodologies of its service providers in accordance with the provisions of the State Plan, Title XIX of the Social Security Act as amended and policies and interpretations as contained in related state and federal regulations. This includes initial settlements, rate revisions, ensuring final audit activity is processed properly, and accumulation of information for evaluation and planning.

Division of Ancillary Reimbursements: The Division of Ancillary Reimbursements is responsible for the rate setting and the maintenance of the reimbursement methodologies associated with the Social Services Block Grant, the Child Care and Development Block Grant, Home Health providers, Federally Qualified Health Centers, Rural Health Clinics, and other ancillary Medicaid providers. This Division is responsible for maintaining the reimbursement methodologies of its service providers in accordance with the provisions of the State Plan, Title XIX of the Social Security Act as amended and policies and interpretations as contained in related state and federal regulations. This includes initial settlements, rate revisions, ensuring final audit activity is processed properly, and accumulation of information for evaluation and planning.

BUREAU OF INFORMATION RESOURCES MANAGEMENT

This bureau organizes, plans, directs, and approves the automated data processing efforts of the Finance Commission. Additionally, the bureau is responsible for the Medicaid Third Party Liability (TPL) program, that identifies other persons or businesses responsible for Medicaid expenditures and insures that Medicaid is the payor of last resort. In FY 1991-92, TPL savings exceeded $35 million, up over 50 percent from the year before. In FY 1992-93, TPL savings exceeded $41 million, up about 15 percent from the year before. Last year, savings leveled out, once again exceeding $41 million.

Division of Third Party Liabilities: This division's mission is to ensure that Medicaid is the payor of last resort by identifying other parties which are legally liable for payment of medical services. If other resources are known at the time claims are submitted to Medicaid, the claims are rejected, or "cost avoided." If resources are discovered after Medicaid has paid claims, the money is collected from the responsible party (benefit recovery). It is also the mission of the division to administer the mandatory Medicaid Estate Recovery program.

The Department of Health Development and Recovery directs the development and maintenance of a recipient health insurance database used in claims processing. The division pursues both private and group health insurance. This department also manages the mandatory Premium Payment project, which includes the identification of Medicaid recipients who are eligible for group health insurance, and the payment of premiums for these recipients if it is determined to be cost effective to do so.

The Casualty and Estate Recovery Department reviews all Medicaid claims with trauma diagnoses to identify other sources potentially liable for payment of a recipient's medical expenses. Appropriate claims are submitted to the recipient's attorney and/or insurer to recover these expenses.

The Medicaid Estate Recovery program was implemented following passage of enabling legislation in June, 1994. The department identifies recipients who die in long term care institutions, and those recipients over age fifty-five who die in the community and who have received long term care or community long term care subsequent to July 1, 1994. Claims are filed with personal representatives and probate courts as appropriate to recover Medicaid reimbursement for these and other related services.

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Division staff have participated in numerous seminars, workshops, and training sessions during the past year. They have met with the local chapter of the National Elder Law Association and the Executive Committee of the Probate Judges Association. They have presented training sessions for all DSS county caseworkers, as well as groups of DHEC case managers and Community Long Term Care case managers across the state, and have participated in Continuing Legal Education seminars for Legal Services Offices in various judicial circuits. They have made presentations on Estate Recovery to a Rotary Club, an AARP Chapter, and the Probate Judges Association.

The Division of Technical Support: This Division provides expertise in information resources equipment and software. This division supports other areas of the Finance Commission by rendering technical advice to solve information management problems, by providing technical advice in procuring information technology to maintain and enhance existing information management systems, as well as by crafting, when appropriate, custom software and conducting user training for mainframe and micro computers, and by generating and assisting in generating reports from automated databases.

Within the Division of Technical Support are two departments. The Department of Health Services is primarily responsible for supporting the Medicaid claims system, known as the Medicaid Management Information System (MMIS). The Department of Human Services and Financial Systems manages and directs the development and operation of the agency's systems for human services programs and financial and personnel applications.

BUREAU OF MEDICAID PROGRAM ASSESSMENT

The Bureau of Medicaid Program Assessment (MPA) monitors the postpayment surveillance and utilization review process of providers and recipients who are active in the Medicaid Program. The bureau provides leadership in the detection and investigation of fraud and abuse in over eighty (80) provider groups/specialties such as medicine, dentistry, optometry, durable medical equipment, pharmacy and home health. The bureau also provides oversight of the Recipient Explanation of Medical Benefits (REOMB) Program.

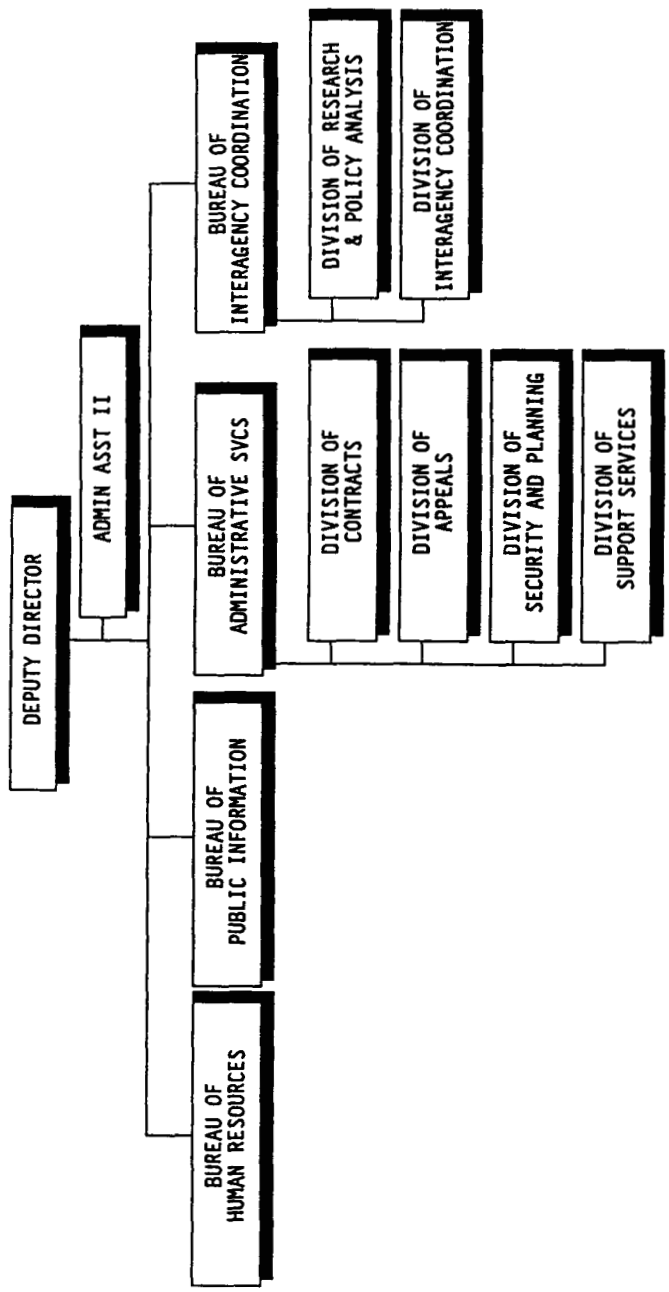
The Bureau of Medicaid Program Assessment provides direction to its three Divisions whose staff conduct reviews and investigations of providers and recipients.

Division of Program Utilization: The Division of Program Utilization directs the overall activities of professional staff in the surveillance and utilization postpayment review of non physician provider specialties, dentists and recipients. Onsite reviews, utilizing sampling and extrapolation, are performed in over 90% of the Division's cases. The Division also monitors bureau compliance with Federal Systems Performance Review requirements, the update and maintenance of the SURS Control File to assure data is valid and oversight of the Health Care Utilization/LOCK IN Program, a program which counsels or restricts recipients who misuse program services.

Division of Medical Service Review: The Division of Medical Service Review directs the overall activities skilled professional medical personnel (SPMP) in the surveillance and utilization postpayment review of physicians and other medical specialties and recipients. Onsite reviews, with sampling and extrapolation, are performed in over 90% of the Division's cases. The division also provides input in the SURS quarterly processing to assure that data of high integrity.

Division of Fraud and Investigations: The Division of Fraud and Investigations conducts preliminary fraud investigations on provider and recipient cases when there are allegations of fraud or extensive abuse. The point of origin of division cases may be through complaints or through SURS exception processing. The division works with law enforcement entities at all levels of government. Once allegations have been substantiated the Division refers provider cases to the Medicaid Fraud Control Unit within the State Attorney General's Office. The recipient cases are referred to other prosecutorial entities.

OFFICE OF OPERATIONS



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